

EXOS:AO(Pub)EWA:MH

29 January 1944

Memorandum to Lt. McCullough

Subject: Navy Reqn. 1179; G. P. O. Waiver 31072  
Janis Series No. 38

DOCUMENT NO. 2  
NO CHANGE IN CLASS. ☐  
☒ DECLASSIFIED  
CLASS. CHANGED TO: TS S 8  
NEXT REVIEW DATE: 28 JUL 1980 **STAT**  
AUTH: HR 70-2  
REVIEWER: ☐

On 20 September 1943, we wrote Edward Stern & Company, Inc. informing them that we were reserving Contract No. W O D 3980 to cover the work on the Janis Series. This letter was written following a conversation between us which Lt. Tammans also attended and in which we explained that the Janis Board was still preparing copy and no details were available as to the number of pamphlets, the number of pages, illustrations, charts, inserts, colors, etc. and that a negotiated contract would be the only way by which to handle the work.

Following this letter, all negotiations were carried on directly between Stern and the Janis Board and we had very little idea of how the job was developing. We repeatedly asked Stern to supply us with specifications and other details of the job but were unable to get any definite information on it. They wrote us 15 November advising us that ☐ had been spent at that time but still did not furnish any indication of the amount of work which this expenditure represented. Upon completion of the job we again asked for specifications but could not obtain them from Stern. We finally had to prepare them ourselves from a finished copy of the job as soon as it was available.

The Navy Department ordered 600 copies and the Army order 150 copies. On 31 December, Stern submitted a bill for ☐ for 750 copies of the book. In addition to this, Navy supplied paper for both lots at a cost of ☐ which together with Stern's cost of ☐ per copy makes a total cost of ☐ per copy. The cost to the Navy is, therefore, ☐ and the cost to the Army, ☐ Army's order has not been issued to date as we understand they are waiting to obtain the price of the work before issuing an order.

It is my feeling that this cost is excessive and that a very generous price to pay for the work would be at least ☐ per copy less than shown on the bill. With this feeling, Lt. Comdr. Knox and I visited Stern on 26 January and discussed the matter with them. The Treasurer of the Stern Company, Mr. Maurice Segal, showed us his cost sheet which

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completed.

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fully supports the expenditures claimed. It showed an actual cost of [redacted] and a profit slightly under 8%. There is no reason to feel that this cost sheet and the records supporting it are anything other than a genuine statement of the costs which Stern actually incurred on the job. We fully concurred in Stern's explanation that they are not geared to do this kind of work and that a company more accustomed to book manufacture would have achieved considerably better production and lower costs on a number of different operations. At the time the order was placed, there were no companies other than Stern which were equipped to handle this work and who were also approved from a security standpoint, and the premium paid to Stern must be considered as insurance paid for proper security.

Stern further informed us that on their business for the year ending 31 December 1943, a very large portion of which was done for Army and Navy, they realized a profit of 5% before taxes and 2% after taxes. Lt. Comdr. Knox has, therefore, asked me to arrange for the payment of the bill.

I am asking Stern to rebill the work as follows:

Navy Department - Order No. N O D 3950

600 copies

War Department

180 copies

Cost to Navy will then be: 600 copies

Edward Stern & Company

Sanford Paper Company

On the next series of the Janis publications we will have a much better understanding of the specifications. We will also have other sources of supply approved from a standpoint of security. It will, therefore, be possible to get competitive bids on the basis terms of the contract before placing the order.

E. W. Averill

Enclosures: Original and duplicate of waiver  
Requisition  
Specifications

Copies to: Lt. Pratt  
Capt. Aldridge  
Chief Duncan